

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-276-E - ORDER NO. 2004-549
OCTOBER 29, 2004

IN RE: Application of Duke Energy Corporation for)	ORDER APPROVING
Approval to Offer an Updated Energy)	UPDATED RATE
Efficiency Rate Schedule to Qualifying)	SCHEDULE AND
Residential Customers – New Rate Schedule)	REVISIONS
ES and Revised Rate Schedules RE, WC and)	
LC effective January 1, 2005.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Duke Power, a division of Duke Energy Corporation (Duke or the Company) for approval to offer an updated energy efficiency rate schedule to qualifying residential customers effective January 1, 2005. The proposed updates will bring energy efficiency qualifications for residential structures current with the “Energy Star” standards, which are today’s official standards established jointly by the U.S. Environmental Protection Agency and the United States Department of Energy, according to the Company. Duke stated that updating these standards will promote increased energy efficiency and reduce costs due to lower peak demand and lower energy consumption. This Commission previously approved the use of Energy Star standards in connection with Progress Carolinas, Inc.’s similar energy efficiency rate in Docket No. 2002-14-E.

Duke noted that it last made revisions to its residential energy efficiency rates in 1993. At that time, thermal conditioning requirements and minimum SEER requirements were updated for schedule RE2 (all-electric). At the same time, schedules RS3 and RS4

(not all electric) were closed to new structures, as building code standards had come up to the efficiency standards outlined in these rate schedules.

Under the proposed Energy Star tariffs residential structures will qualify for an energy efficiency discount upon receipt of an Energy Star certification through an independent certification process. Energy Star certified structures, according to the Company, are designed to be 30% more efficient than the 1993 Model Energy Code national standard. Energy efficiency is typically achieved through a combination of building envelope upgrades, high performance windows, controlled air filtration, upgraded heating and air conditioning systems and water heating equipment and tight duct systems. Achieving this level of energy efficiency slightly increases construction cost, however, customers owning Energy Star homes enjoy significantly lower electric bills that can more than offset additional cost to build, according to the Company.

To implement the updated energy efficiency standards, Duke Power proposes to close its existing energy efficient rate schedule RE2 to new structures. Structures that are currently on this rate schedule will be grandfathered such that customers will be unaffected as long as the structure continues to meet the standards that applied when first taking service under the RE2 rate schedule. Under the Company's proposal, new structures must meet current energy efficiency standards to qualify for the discounted Energy Star rates. In addition, Duke Power plans to make energy efficient discounts available to more customers by offering discounted Energy Star rates to qualified residential structures that are not all electric. Such structures follow a similar Energy Star certification process to qualify for an energy efficiency discount.

The Company proposes a new tariff schedule (Schedule ES) that reflects the updated efficiency standards for today's RS3, RS4, and RE2 type structures, and incorporates by reference the Energy Star standards for homes. Other additional changes to rate schedules RE, WC, and LC as submitted are required to implement new rate schedule ES or to remove obsolete wording.

We have reviewed the proposed new tariff schedule and the revisions to the additional rate schedules and we believe that the Company's proposals should be approved as filed, as being in the public interest, effective January 1, 2005. We would note that this Commission can approve new rates or tariffs without notice or hearing if the rates or tariffs do not require a determination of the entire rate structure and overall rate of return, pursuant to S.C. Code Ann. Section 58-27-870(F)(Supp. 2003). We believe that this is the situation in the matter before us. The Company shall file ten copies of the revisions with this Commission within ten days of the date of receipt of this Order.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice Chairman

(SEAL)